



## The Institutional Conundrum:

### A Simplified Overview of Metropolitan Institutional Reform, Applied to Transportation in the Puget Sound Region<sup>1</sup>

*Raising the issue of transportation governance structures in the Puget Sound region can quickly raise the intensity of and sometimes polarize any conversation. Why is this? Can we overcome the adversarial tone and consider governance issues for transportation rationally?*

*Governance reform can be a disruptive exercise. Can we show that considering institutional restructuring offers the opportunity for more resources, even money, to build projects, and improve public support?*

*A review of recent literature unearths a way to evaluate institutional reform on the parameters of **efficiency, effectiveness and equity**. Although there is no perfect model, analysis of how different structures serve the interests of efficiency, effectiveness and equity can help local leaders assess whether the risk is worth the potential cost. All discussions of institutional restructuring are based in local experience, existing culture, and the capacity of a state and region's leaders to create a regional collective effort.*

<sup>1</sup> This paper is largely the work of Deb Eddy, with editorial assistance from Linc Ferris. Errors and opinions are those of the author.

*Local leaders must decide whether there are sufficient potential benefits to structural reorganization to merit the potential cost, including re-allocation of power.*

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In recent years, metropolitan regions world-wide have struggled with traffic congestion and how to rationalize transportation systems that move millions of people in a variety of modes. In western countries, and especially in the United States, dealing with transportation systems in urban regions is complicated by multiple governments and separate agencies to operate each transportation mode.

A primary question for urban regions is whether multiple governments and agencies with overlapping and sometimes conflicting authorities can solve regional transportation problems that transcend jurisdictional boundaries.

In the 1960s and 1970s, the federal government required the creation of regional planning agencies as a condition of receiving federal transportation funds. The goal was to minimize competing requests from urban regions. These locally-sanctioned Metropolitan Planning Organizations remain important, but are still primarily federally funded. Local governments have not ceded them adequate power to act as definitive regional authorities. Generally, they have neither the mandate to prioritize competing demands nor the tax authority to implement the plans they create.

For a variety of reasons, transportation infrastructure decision-making continues to be focused on individual *projects* rather than entire *networks or systems*.<sup>2</sup> This inevitably promotes political competition for infrastructure investment capital among governments, agencies and modes. This focus on projects contributes to the continued regional conflicts that creation of the MPOs was meant to minimize.

In reviewing the aims of metropolitan institutional reform efforts, several motivating factors emerge:

- **Efficiency** – streamlining of processes and decision-making; getting more service or product for the invested resources; managing growing demand against constrained resources;
- **Effectiveness** – successfully addressing identified needs according to plan; amassing the resources needed to finish projects in a timely manner, delivering a system that works;
- **System equity** – benefits are delivered uniformly through the service area; cost-sharing is deemed equitable; internal competition among modes and agencies is reduced;
- **Popular equity** – component governments and citizens support the system; there is equality of access to services; externalities are considered in planning; perceived transparency.

The discussion of whether and how to restructure metropolitan services and infrastructure extends well beyond just transportation systems. As urban areas have grown, the consolidation of governments or of specific powers has attracted considerable practical and scholarly interest. Competing schools of thought about general government have developed. The *reform-consolidation model* argues that a single consolidated or dual-tier government structure (autocratic) will generate better service delivery, more unified action, while spreading resources and problem-solving capacity across the region. Proponents argue this model brings the democratic benefits of citizen control over a more effective government. In contrast, the *market-public choice model* is built on economic theory and argues that many strong, autonomous local governments are the building blocks of healthy urban regions. Proponents argue it promotes innovation, local control and accountability, and supports the rise of

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<sup>2</sup> Michael Neuman, *Innovation in Regional Planning: The Evolution of Large Institutional Networks*, *Paper to City Futures, An International Conference on Globalism and Urban Change*, University of Illinois at Chicago, July 2004. European and Asian countries have been more successful in adopting coordinated regional approaches to develop transportation systems, but much of their success may lie in governing structures that are originally more autocratic than the U.S.

flexible and creative ‘virtual’ regions. Analogous to business, competition is a valued aspect of the *market-public choice model*.

Perhaps not surprising, neither model has proved entirely adequate to explain the failures or successes in any particular urban region.<sup>3</sup> For purposes of planning, prioritizing and implementing a cohesive transportation system, the *market-public choice model* reflects the status quo for most metropolitan regions. The debate turns on whether adoption of some version of a *reform-consolidation model* offers a better way.

Reform efforts in the United States have been difficult undertakings. No matter what the mission or the nature of the institution, whether it’s transportation or water supply, the need to engage multiple stakeholders and existing governments has proven daunting. Just the sheer numbers of people that must discuss urban institutional reform and agree on a course of action is problematic.

Although several regions, including Puget Sound, have reformed governance structures for some services, none have accomplished anything resembling total consolidation of transportation and transit authorities. In the companion presentation on governance issues to be presented to the Transportation Working Group, Cascadia consultant Gary Lawrence will review some of the motivations and causes that prompted regional leaders and state legislatures elsewhere to reform and restructure transportation governance structures, and their progress.

## **Institutional versus Organizational Reform**

Institutional reform is organizational reform, multiplied.

An *institution* is a network that may include many organizations, stakeholders and constituencies, which, taken together, form a service or product delivery system. When applied to government services, it includes the purveyors of the services and also the users, stakeholder groups and both direct and indirect regulators and funders. Each organization within the institutional network has its own values and an interest in maintaining its role and influence within the institution.

Most of us are familiar with the challenges to *organizational* reform, as modern organizations are constantly struggling to adapt to an ever-changing environment. When extended to the multiple organizations that constitute an *institutional* delivery system, challenges to reform multiply.

In transportation, the *institution* encompasses multiple funding sources, aggregated layers of dedicated-mode service providers, robust stakeholder groups with sometimes competing values, an array of regulators of everything from land use to disabled access, and a user-public that seems conflicted or just inscrutable at times.

In western states, the transportation system is impacted by the constitutional rights of initiative and referendum. The seemingly contradictory ballot results on the use of or limitation of MVET funding provide a local example of how initiative and referendum impacts local elected officials.

Just to make it more difficult, transportation issues are not simply formulaic problems and solutions. Transportation, like land use, involves weighing technical considerations against value systems. The former is technocratic, driven by planners, engineers and computer modelers with an array of

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<sup>3</sup> James Visser, Understanding Local Government Cooperation in Urban Regions: Toward a Cultural Model of Interlocal Relations, *American Review of Public Administration*, 32(1), March 2002, 40-65. Julia Olberding, Diving Into the “Third Waves” of Regional Governance and Economic Development Strategies: A Study of Regional Partnership for Economic Development in U.S. Metropolitan Areas, *Economic Development Quarterly*, 16(3); August 2002, 251-272.

complicated analytic tools, while the latter is political, driven by competing civic needs and citizen preferences.

### **Resistance to *Institutional* Reform and Innovation**

All of the challenges to organizational reform exist when considering institutional reform and innovation, except more so.

- **Equilibrium, inertia:** An *institution* made up of many organizations, planners, providers, users, regulators, has its own lugubrious equilibrium. Roles and responsibilities are known; all parties are familiar with their roles. Complex activities are knitted into a framework that may deliver less than optimal results, but it is a known quantity.
- **Conflict avoidance:** Disrupting and re-organizing existing organizational or institutional structures puts all interests in play, and there may be winners and losers. Without knowing in advance the result of a conflict, the existing institutional leadership may fear that hard-won advantages may be lost in the restructuring.
- **Bureaucratic and agency inertia:** Quite apart from the overall system equilibrium, bureaucracies have their own inertia, at least in part as a defensive mechanism to changing and sometimes mercurial leadership. Few staff can see a systemic advantage in presenting elected officials with a preferred option of risk-taking behavior.
- **Unknown transaction costs:** The cost of change can be high, including not only the actual start-up costs of implementing innovative structures, but also the lost opportunities of the inevitable transition period. It is possible that transaction costs could outstrip benefits, and this may dampen enthusiasm.
- **Denying structural causes for the problem:** Examples abound of new leadership that chooses to re-organize, for its own sake. Analysis of the problem may cause some to see non-structural cures and approaches as less risky and thus preferable.
- **No perfect answer:** There is insufficient technical or cognitive information to indicate that any particular structural innovation or reform will solve institutional problems. Solving some problems may create others. Particularly in light of the risks involved, the lack of firm data on which to build ‘the answer’ may supply a major roadblock to innovation.

### **Motivations for Institutional Reform**

Axiomatically, meaningful reform to complex institutions may become possible only when a *crisis* appears to motivate a response and overcome the considerable hurdles and resistance. One or more catastrophic system failures may provide a sufficient crisis. Conversely, public dissatisfaction with the institution may prompt a crisis, such as the withdrawal of tax authority via initiative or a clear reluctance to support or approve new funding authorities.

In exceptional cases, sufficient regional leadership, vision and authority may exist to take advantage of incremental *opportunities for improvement*, in advance of the crisis. Opportunities are more easily realized, of course, when they are based on shared values and are ancillary to or at least don’t compete with existing authorities and structures.

Using the ‘revolution or evolution?’ comparison, crisis will tend to support a revolution; using opportunities for improvement to foster evolution would seem to require strong and cohesive local leadership and compelling benefits to focus current attention on a potential future advantage.

## Institutional Reform Assessment and Ideas

**Assessment:** While scholarly assessments seldom directly mention *money*, the focus on proposals for better *evaluation* of reformed structures or their potential for benefit shows an appreciation that the academic and practical debate about governance restructuring could be infused with more quantitative meaning.

Although the chart below is an accumulation of ideas that appear in many analyses, the emphasis on *effectiveness and efficiency* point to a common concern with the availability of the resources necessary to actually deliver a system. The availability of or expansion of resources, however, may lie in improvements to *system or popular equity*, as this provides the support for using or implementing some funding sources such as new taxes and fees. Practically speaking, the central performance measurement of any structural reform might be whether it results in freeing up or enabling any new resources so to increase the capacity of government to actually provide the service adequately.

Those regions that have attempted to implement regional institutional reform would probably be the first to admit that their efforts are imperfect and incomplete. However, regional leaders in regions ranging from Minneapolis-St. Paul to Miami-Dade have determined that the potential benefits are worth the risk and have shown a willingness to engage in the messy debate leading to institutional reform. While their processes may not have used the performance parameters described below, these measures tend to garner repeated mention in the scholarly commentary.

Efficiency	Effectiveness	System Equity	Popular Equity
Conservation of resources; reduce administrative, decision-making and project-delivery costs (including mitigation); integration of planning and decision-making; reducing internal competition (phasing)	Success in implementing plans, including amassing sufficient resources; providing a reasonable level of infrastructure service delivery	Benefits delivered uniformly; equitable cost sharing throughout the regional system; reduction of internal interagency competition (lower transactions costs for policy making and coordination); support and confidence of component agencies	System and cost-benefit allocation enjoys support of the participating governments and the citizenry as users and funders; equality of access by socioeconomic, race, gender; externalities considered in planning; political legitimacy and transparency of process

A description of possible combinations of structural authority for shared regional decision-making can run the gamut from the purely advisory to the formally autocratic. There are many intermediary possibilities along the way, and any regional reform effort necessarily seeks to improve upon the already-existing structure, offering limitless variations and differentiations. Thus, comparing one region with another can never be apples-to-apples, but scholars attempt to sort through the differences in search of some over-arching truths or concepts.

Although the literature makes clear that there is no magic bullet or optimal model, the autocratic, central-control model is assumed to be more efficient and effective, while the pluralistic, decentralized model is believed to preserve systemic and popular equity through the involvement of multiple stakeholders.

David Hamilton of Roosevelt University somewhat resists the idea that central-control results in less equity. He compares the current debate between regional centralization and decentralization to the issues debated at the Constitutional Convention, where the founding fathers agreed that democratic

equity was served by a limited central government. Hamilton thus argues in favor of some sort of centralized metropolitan government to ensure that region-wide services are delivered equally to all residents. Practically speaking, centralization discussions in metropolitan regions have not been wildly successful,<sup>4</sup> and Hamilton suggests that a state legislature should provoke action by laying out a process, creating a regional governance charter commission and sharing appointment powers to the commission with local governments. He believes that the legislature must also appoint a ratifying convention, as the founding fathers did for the nation's Constitution, because voter referenda on such esoteric structural matters haven't proved useful.<sup>5</sup>

Anthony Downs of the Brookings Institution, on the other hand, argues that congestion is a fact of modern life, with possible cures being politically unpalatable to many Americans, and believes that the existing MPOs offer a basis on which to build a regional governance structure specific to the implementation of anti-congestion measures and binding policy.<sup>6</sup>

Harvard Law Professor Gerald Frug offered up a more collaborative model in his suggestion that U.S. urban regions more closely look at the structural form of the European Union, which includes rather complex federated and legislative bodies that ensure pluralistic involvement while empowering an over-arching authority to deal with agreed goals.<sup>7</sup>

Tending toward the same preservation of pluralism, Michael Neuman of Texas A&M offers for testing a general hypothesis that a metropolitan governance institution of mixed design, with an autocratic structure but with *pluralistic agency and doctrine*, will better deliver public infrastructure. He cites the experiences of Portland, Madrid, San Diego and Berlin in adopting autocratic structures, and the example of Chicago, New York and Houston as pluralistic regions. Neuman argues that structure, agency and doctrine could offer the independent variables to be tested for efficiency, efficacy and equity.<sup>8</sup>

James Visser of Western Michigan University contends that a more complex comparison will be required in order to assess the over-all efficacy of reformed structures. He supports an analysis based on extensive, subjective and less quantifiable variables such as elements of culture and cooperative norms.<sup>9</sup> While Julia Olberding attempted a subjective analysis of cultural norms and practices in empirical research of regional economic development structures,<sup>10</sup> this approach seems to offer little more than an after-the-fact regional personality inventory.

Going at it from the more technical perspective, transportation scholars have promoted asset management and performance measures as a way of countering the impacts of (1) international trade and economic competition; (2) deregulation and *modal competition*; (3) impacts of environmental regulations (including growth management); and (4) *the pluralistic nature of many transportation-*

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<sup>4</sup> Olberding, p 252. Hamilton's grim assessment of the difficulty in implementing regional institutional reform is not misplaced. While federally-mandated MPOs remain technical planning bodies, few regions have embraced consolidation. With the exception of Miami-Dade, Portland, Minneapolis-St. Paul, Vancouver and San Diego, the number of successful consolidations remains small. Olberding notes that in recent years voters have rejected city county consolidation nearly 100 times and approved consolidations only about 25 times.

<sup>5</sup> David K. Hamilton, The Government Centralization-Decentralization Debate in Metropolitan Areas, *Review of Policy Research*, 21(5) 2004, 663-679.

<sup>6</sup> Anthony Downs, The Need for Regional Anti-Congestion Policies, *The Brookings Institution, Center on Urban and Metropolitan Policy*, February 2004, [www.brook.edu](http://www.brook.edu).

<sup>7</sup> Gerald E. Frug, Beyond Regional Government, *Harvard Law Review*, 115(7), May 2002.

<sup>8</sup> Michael Neuman, Innovation in Regional Planning: The Evolution of Large Institutional Networks, *Paper to City Futures, An International Conference on Globalism and Urban Change, University of Illinois at Chicago*, July 2004.

<sup>9</sup> James Visser, Understanding Local Government Cooperation in Urban Regions: Toward a Cultural Model of Interlocal Relations, *American Review of Public Administration*, 32(1), March 2002, 40-65.

<sup>10</sup> Julia Olberding, Does Regionalism Beget Regionalism?, *Public Administration Review*, 62(4), 2002, 480-491.

*decision making processes.* [Emphasis supplied] In this way, the transportation scholars attempt to supply technical answers to what are essentially political and institutional issues. They admit, somewhat wryly, that these technical improvements “have more limited application to broader policy, program and trade-off analysis”, yet they continue to seek a numeric cost/benefit analyses as a way of shaping operational strategies and multimodal trade-offs.<sup>11</sup>

**‘Virtual’ regions:** In contrast to the usual goals of administrative efficiency, inter-territorial equalization and the efficient delivery of services, a new type of metropolitan area institutional reform is based in concerns about economic development, as urban regions seek to stay competitive in a global economy.<sup>12</sup> Private business interests have tended to spur the rise of these collaboration-based ‘virtual’ regions such as Chicago’s Metropolis 2020, wherein an agreed policy agenda drives the collaboration among governments, business and nonprofit groups.<sup>13</sup>

**Local examples of a ‘virtual’ region’ at work:**

- Joint action among state and local government, the business community and nonprofit groups to ensure that the Boeings 7E7 would be assembled here
- Joint action among state, local government, the business community to amplify opportunity for expansion of the biotech industry
- Joinder of regional EDC’s with the Puget Sound Regional Council in creation of a regional economic development strategy

These broad ‘virtual’ regions have been characterized as sharing the following elements:<sup>14</sup>

- They are fueled by coalitions of interest groups from public, private and non-profit sectors;
- They focus on areas of substantive strategic concerns;
- They seek development of *governance capacity*, not expansion of government; and
- They employ facilitated processes to develop a shared vision and means of collaboration.

These efforts are still seen as nascent, for purposes of analyzing their overall success in ensuring a region’s economic prosperity. These voluntary efforts can bring about an improvement in the parties’ sense of themselves as a ‘region’, thereby opening the door to more collaborative actions such as regional promotion and marketing and can galvanize support for other more formal regional undertakings. As a vehicle for the planning, funding and implementation of a capital-intensive and operationally complex transportation plan, however, they don’t seem to offer much potential for assistance.

It should be noted that the degree to which local governments must compete fiscally under state revenue schemes will impact the inclination or ability of those governments to cooperate regionally in a voluntary way. Where non-cooperation is the rational self-interested choice, local governments can be expected to act consistently with that choice. Thus, voluntary associations can be expected to thrive among governments and private parties who can identify advantages for their particular government or business. Involvement and buy-in to the ‘virtual’ region by component governments, therefore, may be less than all-inclusive.

<sup>11</sup> Lance A. Neumann, Michael Markow, Performance-Based Planning and Asset Management, *Public Works Management and Policy*, 8(3); January 2004, 156-161.

<sup>12</sup> Olberding, op cit., p \_\_\_\_ . Neil Brenner, Metropolitan Institutional Reform and the Rescaling of State Space in Contemporary Western Europe, *European Urban and Regional Studies*, 10(4), 2003; 297-324.

<sup>13</sup> David K. Hamilton, Regimes and Regional Governance: The Case of Chicago, *Journal of Urban Affairs*, 24(4), 2002, 413-423. Tassilo Herrschel, Peter Newman, Scale, ‘Virtual Regions’ and Structures in City Regional Governance – A North American – European Perspective, *Paper to City Futures, An International Conference on Globalism and Urban Change, University of Illinois at Chicago*, July 2004.

<sup>14</sup> A. D. Wallis, Inventing regionalism: A two-phase approach, *National Civic Review*, 83(4) 1994; 447-468.

### Local examples of 'picket-fence' regionalism

- Shared funding and operation of Valley COM, emergency communications for south King County cities through interlocal agreements
- Shared management of misdemeanor jail population by interlocal contract among many King County cities
- Planning directors devise, and elected officials accept concept of housing 'sheds', instead of jurisdictional boundaries, in apportioning GMA housing goals, under GMPC interlocal contract
- Local governments and environmental groups devise watershed-based 'WRIAs' by interlocal contract for cross-jurisdictional response to the federal ESA listing of the Chinook salmon

**'Picket fence' regionalism:** Opportunity and necessity have promoted what has been dubbed 'picket fence' regionalism, wherein local jurisdictions use interlocal agreements to accomplish a *de facto* and anecdotal regionalism.<sup>15</sup> Interlocal agreements have been used extensively by cities to provide for shared services, realizing economies of scale for the purchase of capital equipment and programming, distributing risk over multiple governments.

Interlocal contracts have served as the basis for agreement among governments on issues larger than administrative and operational issues, creating shared responses to major public policy issues such as affordable housing, emergency response and jail services. These arrangements, however, have been criticized as eroding civic responsibility and accountability, because the diffusion of authority means that citizens cannot easily identify those accountable for providing local services.<sup>16</sup>

In some cases, a question arises about the extent to which interlocal contracts should be used for current problem-solving, as they tend to abrogate the authority of subsequent legislative bodies. While an interlocal agreement offers a formally negotiated basis for implementing regional action, its use as a major public policy tool can tend to freeze the public debate. Elements

of the agreement that offer certainty for all parties may actually limit the opportunity for later legislative bodies to develop and implement better solutions, or create additional costs for such implementation through the imposition of penalties.<sup>17</sup>

Somewhat like 'virtual' regions, interlocal contracts may offer major benefits for appropriate service and risk-sharing issues, but may not offer a substitute operational model for a complex and capital-intensive regional transportation system. It does, however, illustrate the flexibility and creativity that advocates believe is inherent in the *market-public choice model*.

**The regional leadership requirement:** Increasingly, scholars acknowledge that the primary issue for how any region deals with institutional reform efforts lies in the capacity of regional leaders to be flexible and collaborative in addressing structural and institutional issues, given local political and cultural norms.<sup>18</sup>

<sup>15</sup> Kurt Thurmaier, Curtis Wood, Overlapping Social Networks: Picket-Fence Regionalism, *Public Administration Review*, 62(5) September/October 2002, 585-598.

<sup>16</sup> Neuman, *Innovation in Regional Planning*, 2004, p. 8.

<sup>17</sup> In a broad structural sense, of course, interlocal contracts may supply an important mechanism for formalizing structural decision-making or establishing agency performance expectations under an enabling statute or federal law. As a local example, PSRC's governance structure is largely established by the terms of its interlocal contract, which requires unanimity for amendment, as opposed to its operating bylaws, which require only a majority vote to change. The democratic process, the ability for later legislative bodies to change the terms of the agreement, arguably remains with the enabling authority, and the contract is subject to that authority.

<sup>18</sup> Neuman, *Innovation in Regional Planning*, 2004 lists the parameters that have been measured in the scholarly studies. The include restructuring, coordination, privatization, agency, decentralization, doctrine ... but no study



Physically, a ‘region’ is a geographic space bounded by streams and mountains. It is also a set of politically contiguous political boundaries, aggregated historically under state constitutions and statutes. Perhaps most importantly, it is also a state of mind, residing in the thoughts and actions of a wide-ranging civic leadership group.

In the absence of formal frameworks to enforce regional action and values, local self interest, whether narrowly or broadly construed, is the driver of regional cooperation. A region’s ability to coalesce depends in great part on the ability and capacity of the local leadership to engage in reconstructive forms of regionalism, to risk the conflict and disequilibrium necessary to identify and implement innovation in regional structures.

Regional leadership can be somewhat subject to luck or serendipity. The actual people, with their comparative strengths and weaknesses, who hold leadership positions are chosen individually by their cities, businesses or organizations for attributes that serve that organization’s interest. The ability of this group of people to collectively broker among and between their individual groups’ interests for the region’s benefit is subject to multiple variables, including group dynamics, human psychology and the relationships among them, the larger culture in which they live and work. These variables coalesce into what Olberding and other scholars call the ‘cultural and cooperative’ norms within the region and are further impacted by that set of federal and state laws, regulations that set out the policy environment within which leaders work.

### **The Puget Sound Region: Strong Pluralism**

Many local observers would say that the governments in Puget Sound are fragmented and competitive, in contrast to the examples of active regionalism cited in the side-bars above. Scholars have described the Seattle area as weak in formal, institutionalized regional government and weak in the new ‘virtual’ regional collaborations.<sup>19</sup> Like many U.S. urban regions, Puget Sound continues to suffer from disparate interests between the core city and the surrounding region, residents and interests in counties and suburban cities alike.<sup>20</sup> These are not localized problems, but plague every metropolitan region in the United States, to a greater or lesser degree.

In recent months and in the development of the current initiative by the Cascadia Center to facilitate conversation about transportation issues, there has been resistance to considering restructuring or institutional reform efforts. This may be rooted in the fact that previous governance reform proposals - a proposed initiative and last year’s ESHB 1960 - arose without much regional process or dialogue. These early efforts reflected the conclusions of a motivated reformer group, most of whom admit that their proposal could be improved by a more broadly-based discussion. Early reform efforts that have not included a broad-based coalition in their creation often find themselves in a *defensive* posture, and that situation is at least partially extant here.

Even so, the factors that have prompted other regions to attempt reform are readily apparent here. As the Blue Ribbon Commission on Transportation pointed out a few years ago, statewide there are 468 separate units of government engaged in transportation planning. In Puget Sound, there are at least a dozen that control money for regional transportation projects. The prolonged struggled of the RTID and its stakeholders to find consensus on an investment package that could win a public referendum indicates the differences in opinion among elected leaders and their constituencies as to what ‘regionalism’ means here.

**Populism and decentralization.** Culturally, the Puget Sound region is fairly characterized as populist, clearly favoring decentralized local government. The state’s adoption in the state

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has compared the performance effectiveness of these six parameters for institutions of metropolitan infrastructure governance.

<sup>19</sup> Tassilo Herrschel, Peter Newman, Scale, ‘Virtual Regions’ and Structures, 2004.

<sup>20</sup> *Ibid.*

constitution of the populist reforms of initiative and referendum reflect the desire of the citizenry for final control of state policies, which leaves voters with the power to derail proposals that enjoy broad political, business and organizational support. The state's core doctrine, then, can be said to be driven by a belief in the ultimate manifestation of pluralism and decentralization.

Nonetheless, Washington State has grappled with modern growth issues and is characterized as a leader in growth management and 'smart growth' initiatives that establish broad policy mandates that trump local control. PSRC's planning and technical support programs are award-winning and much admired by other regions. It should be noted that the statutory mandates of the Growth Management Act are held in high esteem generally, but the realization of that vision continues to compete with the balancing values of property rights and individual housing and lifestyle choices.

The allocation of transportation roles and responsibilities has developed historically and thus largely according to modes, resulting in competing silos of agencies and revenue sources, buttressed by the State's constitutional allocation of the gas tax to only roads and dedicated revenue sources for some modes.

The adoption of the Regional Transit Authority (Sound Transit) ballot initiative required that funds raised within sub-areas would be returned to and spent on projects only in that sub-area. This was deemed a politically necessary accommodation to assure support for the initiative, but represents a considerable mitigation to the notion of a regional system. While the concept has been stretched on occasion, it remains a keystone to Sound Transit's financial structure. Likewise, the recently-considered investment plan of the Regional Transportation Investment District mirrored the requirement of regional money returning, in large part, to its point of origin. This, too, illustrates the populist or values of decentralization imposed on regional structures.

In another intriguing development, the success of the citizen-sponsored Seattle Monorail Authority (SMA) ballot proposal brought the local initiative power to bear on a regional collective document. PSRC's *Destination 2030* transportation plan required subsequent amendment to take into account a local central-city transportation *mode*.

In 1999-2000, the Governor's Blue Ribbon Commission on Transportation considered studying and making recommendations on regional governance reform. In the problem statement created for the BRCT, it's noted that "of the 80,000 miles of roadway in Washington state, WSDOT controls 8.8%, or about 7,000 miles," far less than the national average of 23% for state control. The draft assessment statement avers "[i]n certain areas of the state, the complexity of the structure and the number of players warrant examining structures that might improve and simplify the process in those areas."<sup>21</sup> A draft survey of other structures created by ECONorthwest was not widely distributed and the topic was never added to BRCT's formal agenda. A variety of political reasons were offered for not pursuing the opportunity to discuss regional institutional reform at that time, summed up by 'the time's not right.'

The RTID has published elsewhere its own 'lessons learned', documenting the strengths and weaknesses of the effort and its communications challenges.<sup>22</sup> Structurally, it should be noted that the RTID recognized the importance of corridor planning, which brings together local governments around the common interest in improving a shared transportation corridor. The funding mechanism, however, encompassed the entire region, augmented with the sub-area equity requirement, and thus diluted the relationship between a common interest in the capital infrastructure and the choice of

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<sup>21</sup> A copy of the ECONorthwest paper was supplied in workshop materials made available to participants in a January 2004 Regional Governance Workshop sponsored by the Cascadia Center. Materials prepared for the BRCT on regional governance issues can be accessed on the web at <http://ltc.leg.wa.gov/brc/papers.html>.

<sup>22</sup> Steve Boyer, RTID Communications Memo, Regional Transportation Investment District, May 29, 2004, posted under Archived Material at [www.rtid.wa.gov](http://www.rtid.wa.gov).

funding mechanism. Alternative financing models that are corridor-based, such as tolling or local area improvement districts (LIDS) or tax-increment financing, were eschewed.

While PSRC is a well-respected professional planning agency, local governments have not shown a willingness to expand its authority, at least in informal discussions. In fact, a legislative proposal to split the MPO between two distinct regions in Puget Sound illustrated the lack of current local support for Downs's proposal that MPOs be empowered to exercise more authority in the implementation of anti-congestion policies.

**Popular support:** Regional and legislative leaders have expressed frustration over how to read the public receptiveness to new revenue sources for transportation.

Beyond the potential of voter-approved revenues discussed below, *popular support* for a transportation system and its constituent parts includes support for non-voter-approved but legislatively authorized revenues such as tolls, congestion pricing and HOT lanes. Popular support, in this context, isn't the same as 'fifty percent plus one', the measure of success for a ballot initiative. It does require that the public acknowledge and concur with the actions of elected representative leaders in sanctioning user-fee funding solutions. Early attempts at instituting the types of user fees that are increasingly being used in other regions, such as tolling and HOT lanes, have met fierce resistance, as measured by communication with legislators in recent years. Polling would suggest, however, that voters prefer user fees to general taxation to pay for transportation improvements.

Polling performed as the RTID contemplated a transportation investment package sends somewhat conflicting messages as well. Voters deem a revenue package as worthy of support only if the projects funded are within twenty minutes drive of where they reside and if their personal commutes will be shortened, yet they also support making safety (for instance, replacing the Alaska Way Viaduct) the top priority. The projects meeting one criterion, safety, do not necessarily meet the other, being within a twenty-minute drive of most voters.

Current analysis of the various polling and focus group work concludes that a modest or phased in increase in the gas tax at the state level is achievable, that voters likely will not rebel against their elected leaders or launch a referendum campaign to undo the revenue increase.

Local and regional leaders still count on the possibility of a regional ballot measure to help fund planned transportation projects. Seattle assumes a regional contribution to its preferred plan for fixing the Mercer Mess; Sound Transit hopes that the RTID will provide funds to finish light rail's Phase One promise to get to the airport and Northgate; Eastside leaders still count on a \$7 billion I-405 investment largely funded through regional taxation. If a regional share of funding for *PSRC's Destination 2030 Plan* were abandoned or postponed, it's estimated that a six cent statewide gas tax would be required just to replace the Viaduct.

In sum, any significant progress on transportation in the Puget Sound region must win a higher degree of public support than is evident now from polling or recent ballot measure results. Review of recent polling, however, indicates that different interpretations are possible and that further analysis of the public mindset may be required to better define the challenge and design a response.

**Opportunities:** The current conversation among members of the Transportation Working Group, with the Puget Sound Regional Council's elected officials and with the civic groups engaged through the Regional Governance Project, spearheaded by the Municipal League, may be the beginning of a conversation that will result in a concerted and collaborative effort to grapple with the structural design of regional institutions here.

The innovative thinking and regional problem-solving that resulted in the creation of METRO in the 1960s has not been replicated, and some would say that institutional innovation has been stalled for some years. As a result, solutions to transportation needs tend to favor decentralized and single-purpose solutions, such as the RTID, thus indicating a continued emphasis on pluralism and decentralization as opposed to centralization or consolidation of authority.

Some opine that reform discussions will not occur without a motivating catastrophic system failure, such as a concomitant failure of both the Alaska Way Viaduct and the SR 520 Bridge. In that event, it's at least somewhat likely that reform efforts would lag behind the need to immediately re-allocate available funding to repair or re-build both structures.

The degree to which one reads the public opinion polls as evidencing a withdrawal of public support that could lead to a crisis is subject to some difference in opinion. Some believe that the polls indicate the need for a more aggressive public information and education campaign. Others believe that the public message includes a call for some rationalization of the transportation institutional structure as a condition of further support. The relationship between public support and institutional structures is nuanced and has not yet gelled in any collective way.

In the absence of a motivating crisis, the question next becomes, is there the potential for broad and substantive collaboration among the region's leaders to take advantage of the opportunity to restructure and reform regional transportation governance? This proposition assumes that there is a future benefit to be gained by tackling this issue now. Opinion is mixed.

There remains the possibility that the state legislature will take up the issue itself, acknowledging that the unity and authority of the state continues to provide the focal point for metropolitan regions.

### **Questions to consider:**

In pondering what institutional and/or organizational reform might improve transportation in Puget Sound and Washington State, several questions can be posed of any proposal:

1. Would the restructuring of transportation institutions result in freeing up or enabling new resources so as to increase the capacity of government to provide needed services?
2. Is there a truly regional mindset amongst civic and elected leaders? Do leaders see values in considering some regional consolidation more than their perceived loss of local control or local leverage?
3. Is solving the transportation problem important enough that people and institutions are willing to share power and decision-making authority?
4. Given the political capital and other costs of institutional change, are we better served by creating a virtual regional scheme to address it or encouraging a "picket fence" set of agreements to address it; or should we simply turn back to state-directed schemes and financing to solve the infrastructure funding shortfall?

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